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A BALKAN BOOMERANG

by Constantin Fotitch

The recent proclamation of the Greek so-called "Peoples' Democratic Government", headed by Markos Vafiades, was a sounding warning to the United States that the Soviet really means business, in its drive of expansion. Moscow, said this proclamation in effect, is ready to impose a Communist-dominated government not only upon Greek Macedonia -- with Salonika as its objective -- but also upon Greece as a whole.

The American reaction was swift and strong. Marines have been sent to reinforce the crews of the warships already in the troubled waters of the eastern Mediterranean. American diplomatic representatives in Belgrade and Sofia have -- according to reliable press reports -- warned Tito and Dimitrov, two of the most trusted agents of the Comintern, that they will have to bear the responsibilities of consequences ensuing from possible recognition of the Vafiades Government.

In receiving the communication of the American Ambassador, Tito must have been bewildered as well as angered by the unusually strong language of the United States Government. After all, if he recognized his friend Markos Vafiades, he would only be following the precedent set in 1944. Then Tito himself was the beneficiary of Allied generosity at the expense of General Draja Mihailovich and the legitimate Yugoslav Government-in-Exile.

Tito's rise to his present power resulted from the decisions, taken at Tehran by Stalin, Roosevelt and Churchill, to extend all possible help to the Yugoslav partisans and to abandon General Mihailovich and his movement, in spite of the fact that Mihailovich was supported by the overwhelming majority of the people.

Tito was a self-styled Marshal, just as Vafiades, the leader of the Greek guerillas, is a self-styled General. But Tito's recognition as the Government de facto of Yugoslavia was made in a more insidious way than would be the case if the Soviet Balkan satellites were to recognize Vafiades. Tito's ascendency was achieved by the uninterrupted pressure of the Allies upon King Peter. The monarch was forced to dismiss the legal government which refused to recognize Tito and to replace

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it with a new government headed by the weakling, Ivan Subashich, former Governor of Croatia. Subashich was flattered by being chosen to carry out the policy of liquidating Mihailovich.

The Subashich Government, formed in July, 1944, did not contain a single member from Serbia, central and most important part of Yugoslavia. Nevertheless it proceeded to carry out the Allied decision to recognize Tito as dictator of Yugoslavia.

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The recognition of Tito was extended at a time when he was not even "somewhere in Yugoslavia". By contrast, Vafiades is actually fighting "somewhere" in the mountains of northern Greece. Tito at the time of his recognition was living comfortably on the Adriatic island of Vis, under the protection of the British Fleet and the American Air Forces. He established his headquarters there after a Nazi airborne attack forced Tito to abandon his much publicized capital of Drvar in the mountains of western Yugoslavia.

In spite of the fact that this flight proved Tito could not maintain himself within the country, the Subashich Government was assigned the devious objective of extending legitimacy to the Communist leader Josip Broz, alias Marshal Tito.

The present stiff attitude of the United States Government must be even more surprising to Tito, because he received official recognition from that Government in spite of an official declaration that Tito had violated his obligations as set forth in the Yalta Agreement.

In its statement of December 22, 1945, accompanying the official recognition of Tito, the United States Government declared it to be

> ". . . understood that the establishment of diplomatic relations with the present regime in Yugoslavia should not be interpreted as implying approval of the policies of the regime, its methods of assuming control or its failure to implement the guarantees of personal freedom promised its people. . . . nor that the election conducted on November 11 provided opportunity for a free choice of the peoples' representatives".

In spite of those solemnly recorded violations of his obligations, Tito was granted recognition as the legitimate government of Yugoslavia.

But times have changed and the United States has learned a lesson from history. It points up the tragic consequences which result when the will of the people is disregarded and governments representing only a small but aggressive minority are imposed by external force. Such governments can only maintain themselves in power by brutal totalitarian methods. Now they are supported by Soviet force and have to be obedient servants of Soviet policy regardless of domestic interest.

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If the policy of the Tito Government were in harmony with the interest and the sympathies of the people, Yugoslavia would never have become a menace to Greece. For the peoples of Yugoslavia -- particularly the Serbs, neighbors of the Greeks -- are bound to Greece by centuries of unbroken friendship.

If Vafiades is recognized by the Balkan Governments he will be just as representative of the Greek people as Tito is representative of the peoples of Yugoslavia, which is to say, not representative at all. And Vafiades' policy, again like that of Tito, would be determined by Soviet and not Greek interests. The Greek Communist leader would be the last link in the Soviet system for the control of the Balkans and the eastern Mediterranean. And it is necessary to recall that this system was built with the assistance of Great Britain and the United States, as a result of their disastrous policy of appeasement of Russia in the great gamble to win Stalin's confidence.

This system, if concluded, will bring under Soviet domination the Greek mainland as well as the Greek islands, including the highly strategic islands of Crete and the Dodecanese. It would then expose Turkey, Palestine and the oil-rich Arab lands in the Middle East to a Soviet menace against which they could hardly be protected.

The moral implications resulting from the recognition of Vafiades would be even more important. Such recognition, by the neighbors of Greece, would be an irreparable blow to the prestige of the Western democracies. The loss of prestige would be obvious both behind and outside the Iron Curtain. It would imply that the Western Allies instead of "containing Russia" are forced to abandon their positions in that part of Europe which the Soviets, by the decisions of Tehran and Yalta, have recognized as being under democratic influence.

Despite the Communist terror, the peoples behind the Iron Curtain still hope that they will someday regain their freedom. From this hope springs the resistance which their unwanted masters have failed to break. But if the Soviets are successful in their efforts in Greece, this hope may be gone forever.

Moreover, European peoples outside the Iron Curtain, in spite of the recent failure of the Communist attempts to seize power in France and Italy, would be forced to compromise with the Communists. The first result would be a change in their attitude toward the Marshall plan, upon the successful execution of which depends both the economic recovery of Europe and the survival of European democracy.

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The stakes of the Greek problem are therefore much higher than the recognition of Markos Vafiades and his "free" Greek Government. The impending consequences extend far beyond unhappy Greece.

So it is not surprising that Tito's assistant Foreign Minister, Ales Bebler, has disregarded the American and British demarche. Bebler declares boastfully that Yugoslavia will keep a free hand in handling the Greek problem. This is the statement of an influential member of the Communist Party, well-known in United Nations circles for his violent attacks against the United States.

One can be certain that the proclamation of the Vafiades Government, far from being a spontaneous outcry of Greek rebels, is only one step of the plan laid down for Soviet control of the Balkans and the eastern Mediterranean. Formal recognition of Vafiades, the timing of which will be decided by Moscow, would be just another step in the same direction. If the Politbureau appraises the opposition of the Western Allies as determined, likely to lead to serious complications, then recognition may be temporarily delayed. In the meantime it is anticipated by an unofficial recognition, revealed in the creation of so-called "National Committees", formed in Yugoslavia, Romania, Bulgaria, and even Poland, to assure assistance to Greek "Democracy".

There cannot be the slightest doubt that those Committees are official organizations, created to meet the necessities of the international situation as seen in Moscow. In Yugoslavia, for instance, committee leaders are members of the Tito Government and of the Politbureau of the Yugoslav Communist Party. The official labor unions have already called upon their members "voluntarily" to give an additional hour of work daily for the benefit of the victims of the "monarcho-fascist" regime which the United States is supporting in Greece.

Nobody should be misled by the Russian action to delay the previously announced policy of a Communist-controlled Balkan federation. This change of plan was produced by the more determined Anglo-American attitude, reflected in Foreign Minister Bevin's statement in favor of an anti-Soviet military alliance of Western European nations. Faced with this policy, Moscow prefers to keep its Balkan puppets as separate provinces, rather than to proceed at this time with the federal project.

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Not Merely Gossip *A Supplement to* Human Events VOL. V, NO. 5

By Frank C. Hanighen February 4, 1948

February 2 was Blue Monday for the President. Taxes were the order of the day in the lower chamber of Congress. The House not only rejected a compromise Democratic measure, but passed Mr. Knutson's $6 billion tax reduction bill by a big majority. Over 60 Democrats joined the Republicans in voting for the Knutson bill, and the measure got 19 more votes than the two-thirds majority necessary to pass over a veto. Whatever concessions the Senate may make in the next few weeks, a basis has been laid for a victory on taxes for the Republican majority.

Nor did Mr. Truman advance his cause by adopting a "take it or leave it" attitude towards Congress on the matter of the European Recovery Program. Republican Senators, riven by developing internecine bitterness on this matter, drew together. The GOP "wild men", Brooks of Illinois and Malone of Nevada, had been thundering privately at "Henry Clay" Vandenberg. The latter suddenly found himself less in a mood to compromise with the White House, more inclined to accept Congressman Herter's ideas about an independent agency to administer ERP. And Senator Hickenlooper stated that he would insist on a clause permitting the United States to withdraw from ERP after one year's trial. Democratic Leader Barkley, sensitive to this new trend, began to talk of concessions -- a lower figure for ERP; acceptance of the Herter plan. These tides of battle on Capitol Hill were not unnoticed at the other end of Pennsylvania Avenue.

Finally, "Blue Monday" was marked by a certain White House conference between Mr. Truman and Senator McGrath, head of the Democratic National Committee. The official explanation was that the two men discussed details about the National Convention at Philadelphia. Actually, McGrath saw Truman to protest about the latter's appointments. Truman had dismissed Mr. James Landis from the Civil Aeronautics Board without giving him another job. And McGrath took up the unpleasant topic of Eccles' demotion and his replacement by a Republican. McGrath had done his best for the Party in this matter. He had offered two choices for the job: first, Mr. George Hamilton, state treasurer of Georgia; and Ivy Duggan, former AAA official -- both deserving Democrats. But Truman had turned these down. Mr. McGrath wanted to know how he could successfully run the Party machine when the President awarded fine berths to Republicans; and, in the case of the Federal Reserve chairmanship, to a Pennsylvania Republican at that.

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The defenestration of Marriner Eccles last week had much more than political significance. Political observers, naturally, were mainly interested in whether or not Secretary Snyder was responsible for the dismissal of the Federal Reserve head; or whether Mr. Truman tossed Eccles from his high window because the latter privately was criticizing ERP. But financial reporters preferred to ponder what the Eccles affair meant in terms of Government financial policy.

According to one interpretation, the insurance companies rather than the banking community were decisive in getting Mr. Eccles out and putting Mr. McCabe in. It is important to make a distinction between the aims of these two financial groups which are otherwise much in harmony on these matters. Banks are more interested in opposing Eccles' proposal for raising bank reserves. Insurance companies, on the other hand, are more interested in a drop in the price of Government bonds. If the Government allows its securities to seek their own level freely on the market, then insurance companies can purchase bonds yielding a higher rate of

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interest. It is vital to recall that Mr. Eccles recently said that he would maintain the price of federal bonds at par.

Some proof of this thesis -- that insurance interests influenced the shift in Federal Reserve -- appears in a signed article by Mr. McCabe in the Philadelphia Inquirer (January 6). In that piece, Mr. McCabe supports the Eccles program for combatting inflation by credit restriction, including the hiking of bank reserves. But he does not mention support of the Government bond market. The inference drawn is that the new Federal Reserve head may go even further than Mr. Eccles.

Be that as it may. One definite conclusion can be safely made: that the Administration now intends to follow a course involving some measure of deflation. From this, a corollary follows: that the Administration has given priority to financial considerations over political considerations. For Truman's political advisers oppose tinkering with deflation in this election year. They may be prompted by recollection of Roosevelt's example. The astute FDR adopted his only experiment in deflation in 1937 -- not in the election year 1936.

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Emphasis on the monetary factor in the present inflation does not appear only in such organs as the Wall Street Journal. The Monthly Survey (January) of the AF of L says: "The upward pressure of the huge money supply has been so great that prices were breaking through ceilings and black markets were appearing long before OPA expired. This was to be expected. Price control cannot dam an ever-growing flood of money inflation. This has been proved again and again, in country after country. We must attack the root cause of inflation, the excess money supply.

"The Federal Reserve System can prevent the abnormal increase in money supply. Why has it not done so? Because it has taken responsibility for enabling the Government to borrow money at low interest rates, and the action it would have to take to stop the price rise would automatically raise the rate the Government pays on its bonds and loans. This might cost the Federal Government some $200 million or more. But if the price rise is not stopped and if living costs rise 10 per cent in 1948, it will cost American consumers more than $20 billion. The added amount American workers and other consumers would have to pay for living costs would be about one hundred times the increased interest on Federal debt . . .

"The powers of the Federal Reserve System should be used to prevent inflation and to provide no more than a reasonable and normal growth in the nation's money supply. If there is a conflict between this policy of preventing inflation and the Federal Reserve System's present policy of supporting the market for U.S. Government obligations at par, it should now use its powers to prevent inflation."

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The United States is seeking rapprochement with Spain. It is true that the only public evidence has been the "pro-Spanish" policy of the U.S. delegation at the fall session of the UN Assembly. But, under the surface, there have been the following developments:

(1) The State Department has reportedly succeeded in obtaining a concession from Portugal for permanent military air bases in the Azores. Negotiations had been started in 1945 with Lisbon, but did not make any progress until the U.S. took a favorable attitude towards Spain in UN. It is believed that Franco's brother, Nicolau, who is Ambassador to Portugal, urged the Portuguese Government to play ball with the United States.

(2) The State Department places no obstacle in the way of Spanish bankers seeking private loans in this country. Queried on a specific case, in recent weeks, the Department replied "no objection".

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(3) While the State Department has officially announced that Spain will not be included in ERP, high-level Department inclinations are quite different. An important State Department official privately told this column that, in his opinion, Spain should be included, "absolutely".

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Capital obiter dicta ---- Randolph Churchill, now visiting Washington, has been less persuasive than his famous father. At a social gathering the other night, he suggested that Congress should bring to Washington representatives of the 16 European countries destined to receive aid, and allow them to testify before the committees. Among those who listened to Churchill's proposal was Denis McEvoy of the Reader's Digest. "But Mr. Churchill", said McEvoy, "that will hardly help passage of ERP. Don't you realize that the American people will give money to any foreigner so long as they don't see him?"

It was a difficult night for the younger Churchill. He cited as an example of stupidity the following remark by a Member of Congress: "The two greatest men today are Winston Churchill and Senator Taft." Miss Freda Utley, an English writer, who was standing nearby, retorted: "I think the Member of Congress paid your father a very fine compliment by bracketing his name with that of Senator Taft."

---- Over some luncheon table, Alice Longworth interjected, "I believe Secretary Marshall is improving. It took him seven months to fail in China. It took him only seven weeks to fail at the London Conference."

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A U.S. Ambassador, recently returned from his post, remarked to us the other night on the prevalent criticism of Congress as a slowpokey, myopic body. The Ambassador had come to the conclusion that the charge was quite unjust and that Congress was trying to examine such questions fairly and reasonably. From a foreign visitor comes a similar view. Bertrand de Jouvenel has contributed to the London Time and Tide (January 10) the following report:

"It is felt in Europe that the Administration wants to help us but finds it difficult to overcome the stubbornness of Congress. That is not the true picture. The willingness to help is quite general but Congress is eager to preserve American institutions in the process. Even over here, it is fashionable to abuse Congress. The fashion especially prevails in the more advanced circles, among those here termed 'liberals'. All those whom I saw apologized to me as a European for Congress's slow and finicky treatment of the Interim-Aid Bill. They held up to scorn the carefully preserved complexities of American parliamentary procedure, the jealously guarded vested rights of parliamentary committees, the multiple hearings which haul up the Secretaries for examination before several committees, the long drawn repetitive debates in both Houses.

"Such is the unceasing railing and denigration of Congress by the 'liberals' that it calls to mind the long-standing anti-parliamentary compaigns of the extreme-Right in France. There is the same underlying assumption that speed is a cardinal virtue in government and that discussion is a loss of time. . . . This, of course, is a trend away from the Republic and towards the Principate. The same evolution in Roman history was coupled with the same growth of a world policy. The analogy is held by some to be a clear warning; either a warning jealously to preserve the rights of Congress in the course of a world policy or even a warning against world policy itself. Consequently it is only natural that Congress refuses to be led by the Administration and its resistance should not be interpreted necessarily as an opposition to the program itself but as an assertion of Congress's privilege; an expression of the Jeffersonian principle that 'free government rests upon jealousy not confidence'. It is a revelation of the tendency away from free institutions that this defense of the Republic should incur so much obloquy."

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Book Events

World Communism and U. S. Foreign Policy, by Earl Browder. New York: Published by the author. Price not indicated. Reviewed by J. M. Lalley.

This little pamphlet suggests that Mr. Browder is not without hope that his sentence of excommunication may yet be revoked by the Party and that he will be triumphantly restored to his former role of the titular leader of American Communism. Nor are these hopes illogical. The Kremlin is known to be intolerant of failure, no matter how valid the excuse; it must certainly have occurred to the Moscow hierarchy to compare the present pitiable plight of the American Communist Party with the proud and prosperous condition it enjoyed in the heyday of Mr. Browder. Today the American comrades are forsaken by the most credulous and ardent of their former fellow travelers, who strive to outdo each other in their condemnation of the Party's aims and tactics. Those who so lately trembled for fear of being labeled by it as reactionary or undemocratic now laugh derisively at even such fearful epithets as "Fascist" or "Red-baiter". It was all very different, you will recall, in Mr. Browder's time, when Communism, though it had made very little direct progress in the American working class, nevertheless exerted a powerful hypnosis on the imaginations of Americans of all classes through its influence in university classrooms, in editorial offices, radio studios, government departments, and fashionable drawing rooms. Its approbation was a certificate of all the liberal virtues, its disapproval or hostility a thing to dread.

Mr. Browder of course does not labor the contrast in any such language as that. He keeps grimly throughout to the leaden dialectic of Marxist theology. Nevertheless, his book is an attack on the revolutionary fundamentalism represented by Comrade Foster and his sect, on the crude and demagogic "phrasemongering", which, it appears, is "the most deadly enemy of Marxism and of progress everywhere, and the cause of most mistakes now creating disunity and confusion in the progressive camp". Why frighten away potential collaborators by harping on the inevitability of economic depression and on the necessity of the dictatorship of the proletariat? The result has been that "breaking up of progressive movements into feuding factions", which has enabled the reactionaries to seize the initiative and to put forward their Truman doctrine and their Marshall plan. Mr. Browder is careful to observe that during the years of Mr. Roosevelt's Presidency, which coincided with Mr. Browder's leadership of the Party, it was possible "to enforce a progressive program in the government of America". It will be possible, he insists, to do so again, if only it can be recognized that in America at least the transition from capitalism to the classless society will be gradual and painless, and that meantime it is wholly possible for American capitalism and Russian Communism to coexist in friendship and to collaborate in the creation of a peaceful world to endure for several generations. Here Mr. Browder seems to be saying that if the American Communists were only willing to forget about Communism, it would be easy enough to coax the fellow travelers back into line and to put them to work again in the diplomatic and imperial interests of Soviet Russia. Or, as Mr. Browder prefers to express it, the progressive forces can be reunited, the reactionaries can yet be frustrated, and the evil schemes of the Messrs. Truman and Marshall brought to nought.

The argument strikes me as having considerable cogency. One bit of news, however, seems to suggest that Mr. Browder's logic may have been in vain. It has been reported from Moscow, that, for having published a thesis very similar to Mr. Browder's, the great Marxist divine, Dr. Eugen Varga, has been thrown out of his job as head of the Institute of World Economics and World Politics and is in thorough disgrace. But then it is often said that Comrade Stalin's method of converting heterodoxy into orthodoxy is to get rid of the heresiarch.

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